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November 11, 1993

To All Field Sales Employees

SUBJECT: 1993 Year End Field Sales Priorities

With the numerous changes that have recently taken place in the marketplace and to your workplan, I feel that it is important to review our current workload, establish clear priorities and develop a game plan for the balance of the year. This is especially important in terms of WINSTON SELECT and CAMEL.

Let me begin by commending you for the truly outstanding results that you have achieved with the launch of WINSTON SELECT Lights and the re-launch of SELECT full flavor. Our current SOM nationally is 3.21 in carton outlets, 2.9 in convenience/gas and nearly 3.00 overall. We've gotten the brand into distribution in 85% of the calls and that number continues to grow. Moreover, it appears that only a small portion of SELECT's business is coming from base WINSTON or other RJR full-price brands.

The introductory B5G5F and B1G1F generated an unprecedented amount of trial and the $2.00/20¢ sniped SELECT product has been effective at continuing the trial/conversion process among competitive adult smokers.

While we should take great pride in these accomplishments, we also need to be very careful as we transition to standard product not to let out-of-stocks rob us of any of these gains. The worse thing that could happen now is for a competitive adult smoker to revert back to their old brand because of downfalls in the distribution system.

Nationally the OOS rate on SELECT styles is currently over 25%. We fully realize that the on-going changes in UPCs and warehouse line numbers have been driving this problem, yet we need to quickly turn our attention to how we can improve entry level availability and continue to move SELECT forward. This obviously has to be a top priority for the balance of the year.

Very shortly, your management team will be discussing with you how we will focus our energy and resources to leverage SELECT's full potential. In essence, we intend to treat the transition to standard product like a re-introduction including POS, promotion and a major focus on ensuring that every chain and independent store has the correct warehouse line numbers to ensure on-going product availability.

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Concurrent with this, we need to keep pressure behind CAMEL. Consumer interest in CAMEL Special Lights is still very high and SOM has held relatively steady since the introduction, indicating that the recently announced CAMEL Special Lights B2G1F offers significant potential for incremental business. In addition, the CAMEL Cash Lotto and its associated retail promotions can help to drive both base CAMEL and Special Lights business.

Finally, we must execute our parity pricing strategy on our Savings brands, sell through remaining allocations of DORAL B1G1Fs and complete the re-signing of your merchandising contracts.

This is a full plate, but by striving for these objectives in each and every call from now through the end of the year, we can clearly exit 1993 in the same manner as we did in 1992 - the undisputed victor of the war in the store!

Good selling!

Yancey W. Ford, Jr.
Executive Vice President, Sales

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